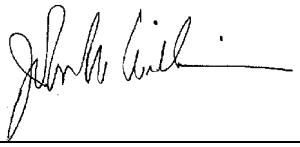
UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Notice FI-2483

For: State and County Offices

Dairy Market Loss Assistance (DMLA-III) Refund of Offsets

Approved by: Deputy Administrator, Management



1 Overview

A Background

The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 2001 (Pub. L. 106-387) provides legislation pertaining to offsets. Title VIII, Section 842 of the 2001 Act provides that "Payments made from amounts appropriated pursuant to this title **shall not** be subject to administrative offset, including offset under chapter 37 of title 31, United States Code."

When DMLA-I and II program payments were made to respective producers, legislation did not prohibit the offset procedure. In an effort to pay dairy producers under DMLA-III as quickly as possible, no new signup was authorized for producers who received a DMLA-I and II payment. The DMLA-III payments were issued between December 2000 through January 2001 with offsets taken.

The Office of General Counsel interpretation of the 2001 Act is that DMLA-III payments are not subject to offset. Therefore, County Offices shall refund the producers for the offset amount taken to pay the FSA/CCC receivables, claims, or farm loan programs.

B Purpose

This notice provides procedures to:

- identify any offset taken from DMLA-III payments
- correct offsets taken in error
- issue refunds to the producer for the amount of the offset.

Disposal Date	Distribution
October 1, 2001	State Offices; State Offices relay to County Offices

2 County Office Action

A Identifying Offsets

To identify offsets taken from DMLA-III payments:

- use the "Inquiry of Accounting Payment File" option in the Accounting Disbursement/Check Writing Function according to 1-FI, paragraph 270, inquire by program code "01DMLA3"

- print the summary report.

  Note: The Summary Report **must** be printed to view the payments that have been offset. If payment offsets occurred, the other payees, such as CCC, will be shown in the "Payee Name/Producer Name" column.

B Determining the Type of Offsets

Once all DMLA-III offsets have been identified, correct the offsets, and issue refunds to the producers according to the following table.

IF the offset was taken for a...	THEN follow instructions in...
receivable repayment in the Common Receivable System	subparagraph C.
claim repayment in the Debts and Claims Function	subparagraph D.
farm loan repayment in the Cash Receipts Function	subparagraph E.

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2 County Office Action (Continued)

C Refund of Producer's Offset Taken in Error on Established Receivable

County Offices shall correct the receivable offset and issue a refund to the producer according to the following table.

Step	Action	Result
1	To select the receivable collection to be deleted: • access Option 8, "Correct a Receivable" on Menu AQK000, then select Option 4, "Delete a Receivable Collection" on Menu AQK700 • delete the receivable collection that was repaid with the DMLA-III offset check according to 67-FI, paragraph 498.	The receivable collection data is deleted from the original CCC-257 and CCC-257 is now out-of-balance.
2	Access Option 1, "Enter Payment/Refund for Schedule of Deposit (CCC-257)" on Accounting - Cash Receipts Main Menu AGK000: • add a collection for the amount to be refunded on the already prepared CCC-257 using program code "REFREP" • use the original check/item number to tie the refund to the original remittance. This is accomplished by entering the applicable remittance number on Remittance Data Entry Screen AGK01500 and PRESS "Enter." • enter the sequence # on Screen AGK01505 and PRESS "Enter."	CCC-257 will be in balance.
3	Access Option 1, "On-Line Check Writing" on Accounting - Check Writing Main Menu ANK000: • issue a refund check to the producer using program code "REFREP" • record the CCC-257 number from step 2 in the "Reference: CCC-257 Schedule Number" field on the Enter Check Data Screen ANK32510.	The producer will receive a refund for the DMLA-III payment that was offset.

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2 County Office Action (Continued)

D Refund of Producer's Offset Taken in Error on Established Claim

County Offices shall correct the claim offset and issue a refund to the producer according to the following table.

Step	Action	
1	**IF the offset...**	**THEN...**
	did **not** payoff the claim	correct the collection according to 64-FI, Part 21, using Discovery Code "10" and Reason Code "670".
	did payoff the claim	re-establish the claim according to 64-FI, Part 23, using Discovery Code "10" and Reason Code "671".
2	Balance the original CCC-257 and refund the DMLA-III payment to the producer according to subparagraph C, steps 2 and 3.	

For questions about an offset taken in error on a claim, contact Wayne Connelly, FMD, at 703-305-1487.

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2 County Office Action (Continued)

E
Refund of Producer's Offset Taken in Error on Established Farm Loan Program Loan

All requests for refunds of DMLA-III payment offsets applied to FLP delinquent debt must be reviewed by FLP staff in the National Office on a case-by-case basis. FAX all refund requests to Gary Wheeler, FSA, DAFLP, LSPMD, LSB, at 202-690-0575.

Provide the following information on all requests:

- borrower's name
- case number
- payee's name and tax ID (if different from borrower name)
- amount of offset
- date offset taken
- loans offset applied to
- reason for refund.

Use the following table to identify additional information needed to request a refund.

IF...	THEN provide...
the borrower is involved in bankruptcy where FSA was awarded payment	a short summary of the type of bankruptcy filed, FSA security and lien position, stage of bankruptcy, name of payee, and tax ID provided by the bankruptcy court.
the borrower is involved in liquidation and/or foreclosure	a summary of the stage in the liquidation and/or foreclosure process, the security involved, and the potential for loss.
the borrower's notes are paid in full	the type of note paid in full and FSA's security position.
the borrower's basic security was released after offset was applied	the type of security released and FSA's overall security position.

All approved refunds will be processed by LOD, KCFO. All checks will be sent to the local servicing office and will include penalty interest accrued at the 90-Day Treasury Bill rate from the date of the offset through the date of the refund check.

For questions about:

- approval of refund requests, contact Gary Wheeler, LSPMD, at 202-690-4021
- refund processing, contact Ron Schaefer, LOD, KCFO at 314-539-7198.